

2023

ESG Annual Report

ENHANCED PATH TOWARDS
RESPONSIBLE INVESTMENT

MILAN, JULY 2024

ALTO
PARTNERS
SGR

Enhanced path towards responsible investment

STEPPING STONES OF OUR ESG PATH

Alto Partners endorses a value creation model that embeds sustainability criteria. In Alto Partners' view, the concept of sustainability embraces both a mindset and a practical behavior. We aim at going beyond a box-ticking exercise and strive for a result-driven approach with respect to responsible investment matters at large. This document represents the third ESG Annual Report published, since the first one in 2021.

During 2023 Alto Partners continued along the path of promoting ESG principles and values both at GP and at Funds level through a process of proactive engagement with portfolio companies and its stakeholders across the board.

As for Alto Capital IV (vintage 2017), classified as Article 6 of Regulation 2019/2088 (SFDR), Alto Partners has continued with the monitoring of a set of ESG KPIs together with the assessment of reached progress of ESG Action Plans of the investees (four companies as at the date of this report).

As for Alto Capital V (vintage 2022), classified as Article 8 of Regulation 2019/2088 (SFDR) the Fund has committed to the promotion of selected **environmental and social characteristics**, which are fully assessed during the ESG Due Diligence phase and further promoted during engagement period (one company as at the date of this report).

Alto Partners has defined a structured ESG integration approach at Fund level, which foresees a process of responsible investment starting from the execution of a full ESG Due Diligence for all investments, continuing with the definition of ESG Action Plans and the monitoring of performance through the integration of ESG factors during ownership, up to the inclusion of ESG factors in the exit phase.

We have developed and adopted a **Responsible Investment Policy** that defines Alto Partners' ESG principles, ESG Governance, ESG commitments, and the Responsible Investment Process into which ESG criteria are embedded. The Responsible Investment Policy is expected to be updated in the coming months, to align contents to UN PRI's updated framework and the Bank of Italy's expectations on climate and environmental risks management. In fact, one of the key milestones of 2023 has been the definition of an Action Plan in response to Bank of Italy's expectations on climate and environmental risks management, which outlines the planned actions that will be implemented by Alto Partners, starting from 2023, to strengthen the approach on climate risks and their assessment during all investment phases.

In 2023 the first UN PRI questionnaire was submitted, and the first scoring was obtained. The outcome was a positive assessment on all the modules submitted, with particular mention of the module on the integration of responsible investment criteria into the investment process.

In summary, 2023 has been a pivotal year in strengthening our ESG commitments and aligning with new regulatory frameworks. Building on previous initiatives, these efforts have strategically positioned us to navigate the complexities of the contemporary Private Equity network and to reach our responsible investment objectives.

Looking at 2024, we will foster our commitment to ESG integration, implementing the actions planned in our ESG Roadmap, enhancing ESG through Alto Capital V investment activity and managing ESG related risks and opportunities, with a focus on climate risks.

Key performance for 2023

Managed Funds

4

689
m€

Aggregate commitments
of Managed Funds to date

Portfolio companies
currently in portfolio

10

ESG Due Diligence
on new investments

100
%

ESG Monitoring on
portfolio companies

100
%

ESG Action Plans
on portfolio companies

(considering Alto Capital IV and Alto Capital V)

80
%

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Our business at a glance

24

Years of market presence

421
m€

Capital invested by the Team in Italian SMEs by the Funds managed by the GP (Alto II, III, IV and V)

33

Portfolio Companies invested by the Funds managed

5

Generations of funds managed by the team

689
m€

Aggregate fund commitments managed by the firm to date

- Alto Partners SGR is an **independent company**, controlled by its expert multidisciplinary team to promote and manage private equity funds investing in medium-sized Italian companies
- We are a proven, experienced, professional and reliable partner in **supporting the medium-to-long-term development of our portfolio companies**. Together, we work alongside **families, entrepreneurs** and **managers** to oversee generational transition and growth programs
- Its experience, the number of transactions completed, and its achievements make the firm one of the **leading Private Equity fund managers** active in the Italian mid-market
- The team benefits from a reputation for **integrity** and **professionalism** in the financial and business community built over 24 years, with a consistent investment strategy and a successful track-record
- We can rely on a **loyal** and **diversified investor base** thanks to **long-standing relationships** which often allow us privileged access to family-owned businesses and a proprietary deal flow

Distinctive Factors

EXPERTISE

Alto Partners can count on 24 years of market presence, and multiple generations of fund promoted and managed.

ESTABLISHED RELATIONSHIPS

Consolidated relationships with entrepreneurs and managers, and the ability to evaluate each investment from an industrial and long-term perspective.

SECTOR KNOWLEDGE

Significant knowledge of industry sectors, accrued through the extensive number of transactions assessed and carried out.

CUSTOMIZED DEALS

Bespoke deals take account of owners' and managers' roles and interest alignment. MIP in place for senior management.

QUALIFIED LP BASE

Alto Partners' funds are supported by a diversified array of LPs, stemming from both the institutional landscape and the private sector in Italy and abroad.

MANAGEMENT SKILLS

Speed, accuracy and confidentiality in the implementation of investment transactions; profound understanding of the dynamics of family businesses.

INDEPENDENCE

Avoidance of conflicts of interest and other potential misalignment. Value creation path in the interest of LPs and investee companies.

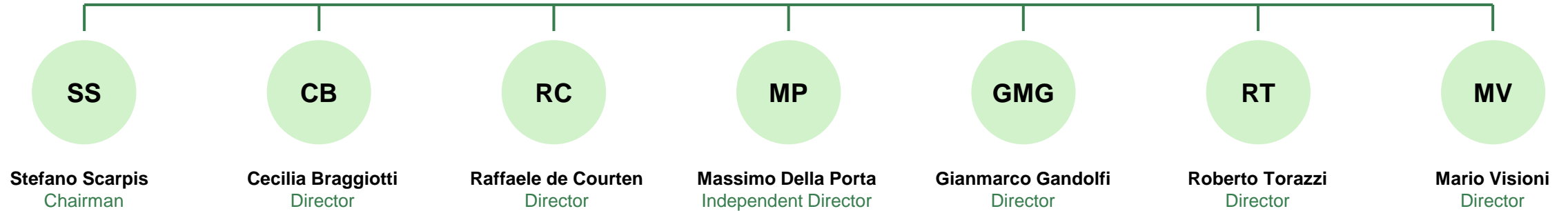


Premio Demattè AIFI 2020: special award for SME development
Premio Demattè AIFI 2015: winner for best deal of the year (IDM)
Premio Demattè AIFI 2014-2023: 18 nominations for best deal of the year in the Buyout and Expansion categories
Premio Demattè AIFI 2014: special Jury Mention for the Rancilio expansion deal
Private Equity Exchange & Awards (Paris): Silver Award for the Best Italian LBO fund (2004-2023)

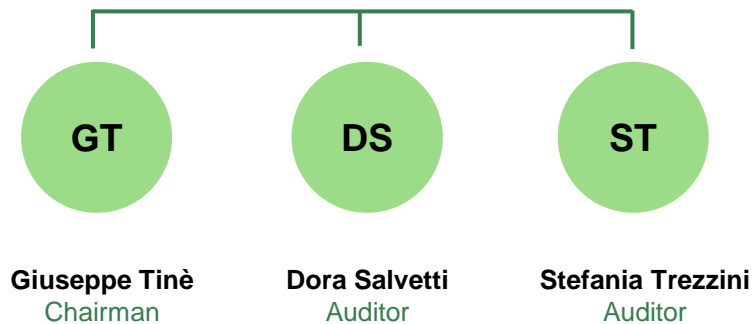


The People of Alto Partners

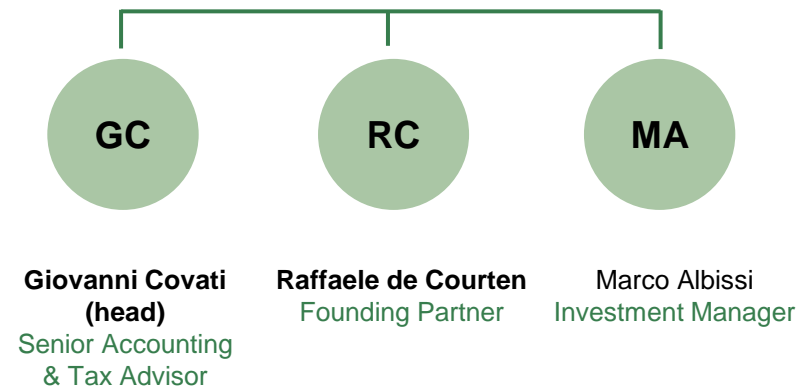
BOARD OF DIRECTORS



STATUTORY AUDITORS



ESG GROUP



The People of Alto Partners

INVESTMENT PROFESSIONALS



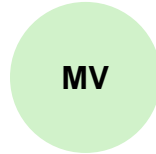
Stefano Scarpis
Founding Partner
and Chairman



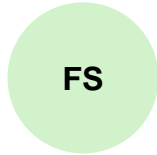
Raffaele de Courten
Founding Partner



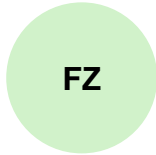
Gianmarco Gandolfi
Partner



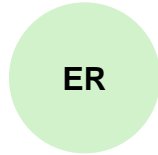
Mario Visioni
Partner



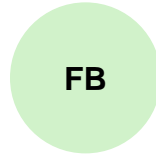
Filippo Sabbion
Associate Partner



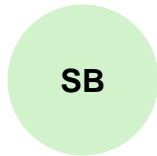
Federico Zaffaroni
Director



Enrico Ricotta
Senior Advisor



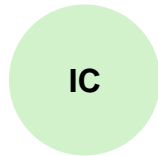
Fabrizio Basilico
Senior Financial
Advisor



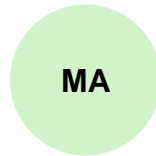
Stefano Baiardo
Senior Advisor



Giovanni Covati
Senior Advisor



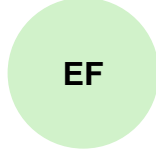
Ilenia Corbelli
Investment Manager



Marco Albissi
Investment Manager

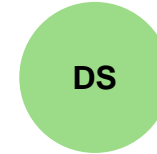


Pietro Marchianò
Investment Manager



Erika Ferazzini
Investment Manager

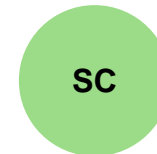
BUSINESS ADVISORS



Daniele Selleri



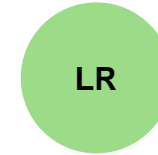
Gianni Capaci



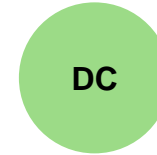
Stefano Cianchi



Angelo Mazzieri



Luca Rancilio



Domenico Chiesa

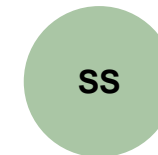
FINANCE, ADMINISTRATION AND SUPPORT



Alberto Londi
Finance Director



Giorgia Tadei
Executive Assistant
and Team Support



Silvia Santin
Administration
and Back Office



Elisa Iannuario
Office Management
& IT

Investment approach and market context

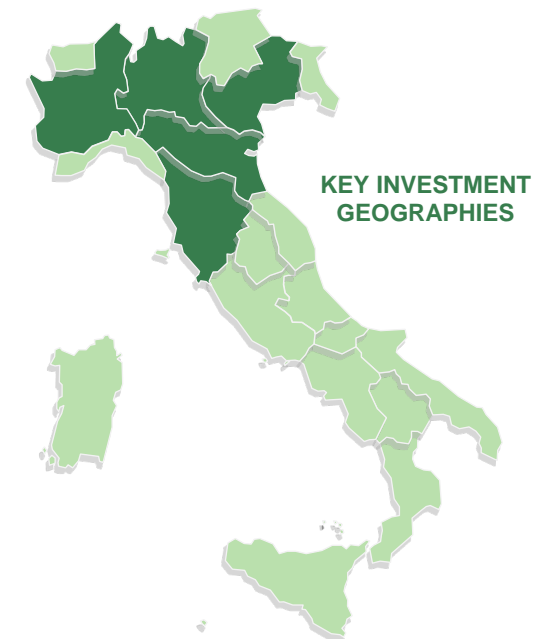
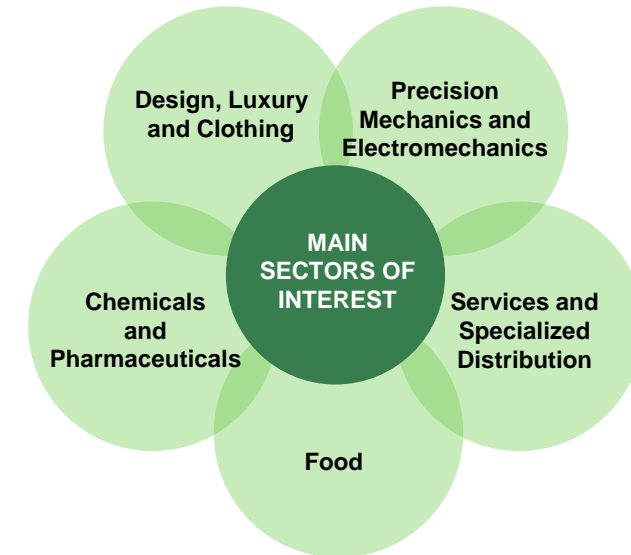
Alto Partners focuses upon **attractive, growing and profitable businesses belonging to industry sectors where the team has acquired specific expertise**. The firm invests throughout Italy, mainly in its northern regions, with the aim of **accelerating the growth of family owned small and medium-sized companies**. Diversification is sought in our activities **across several sectors that represent Italian entrepreneurship worldwide**. Such investments may represent ideal platforms for developing premier niche leaders into valuable assets for strategic trade buyers or acquisitive sector consolidators over a three-to-five-year period.

ALTO PARTNERS HIGHLIGHTS

- Investment pace continuity: from 2005 to 2024, 1 to 3 investments each year without exception
- Sole or lead financial investor, whether in majority investments (approx. 3/4 of portfolio) or minority investments (approx. 1/4 of portfolio)
- Valuable family-related LP base in Italy, with privileged access to family-owned businesses and an unequalled proprietary deal flow
- History of building businesses alongside industrial families to source, grow and divest portfolio companies
- Track record of achieving industrial acceleration and successfully building businesses with an industrial approach to value creation
- Capacity to organize convergence of interests with remaining managers/owners
- Partner of choice for Italian sellers with succession issues and expansion plans

ITALIAN MARKET

- Italy is the **2nd largest manufacturing economy and the second largest exporting economy in Europe**
- Italy possesses by far the **largest number of small-to-medium-sized companies in Europe**
- **Family-owned businesses** represent 75% of all Italian companies and 65% of companies with revenues > €20m
- The **Northern-Central regions of Italy** (Lombardy, Veneto, Emilia Romagna, Tuscany, Piedmont) showcase a high number of profitable and growing medium-sized companies who represent the ideal targets for Alto Partners.



Our investment strategy

INVESTMENT STRATEGY

Focused on two types of transactions:

1. Buy – In/Out (majority investment)
2. Expansion/Replacement (controlling minority investment)

Three main objectives:

1. Facilitating generational transition
2. Financing expansion programs
3. Supporting domestic and/or international acquisitions

Financial soundness and competitive positioning:

1. Sales growth
2. Sustained EBITDA margin
3. Niche leadership

Privileged company features:

1. High export rate
2. Skilled and experienced management
3. Brand recognition
4. Market fragmentation (add-ons)
5. Customer base

GENERAL LATEST INVESTMENT METRICS

- Enterprise Value €50 – 100 M
- Revenues €40 – 100 M
- EBITDA €10 – 15 M
- Equity ticket €20 – 40 M
- Portfolio companies per fund +/- 8

GENERAL LATEST INVESTMENT METRICS (AGGREGATE ALTO II, III, IV AND V TO DATE)

- 33 investments
- 23 exits
- Invested capital: €421 M

Active and hands-on ownership

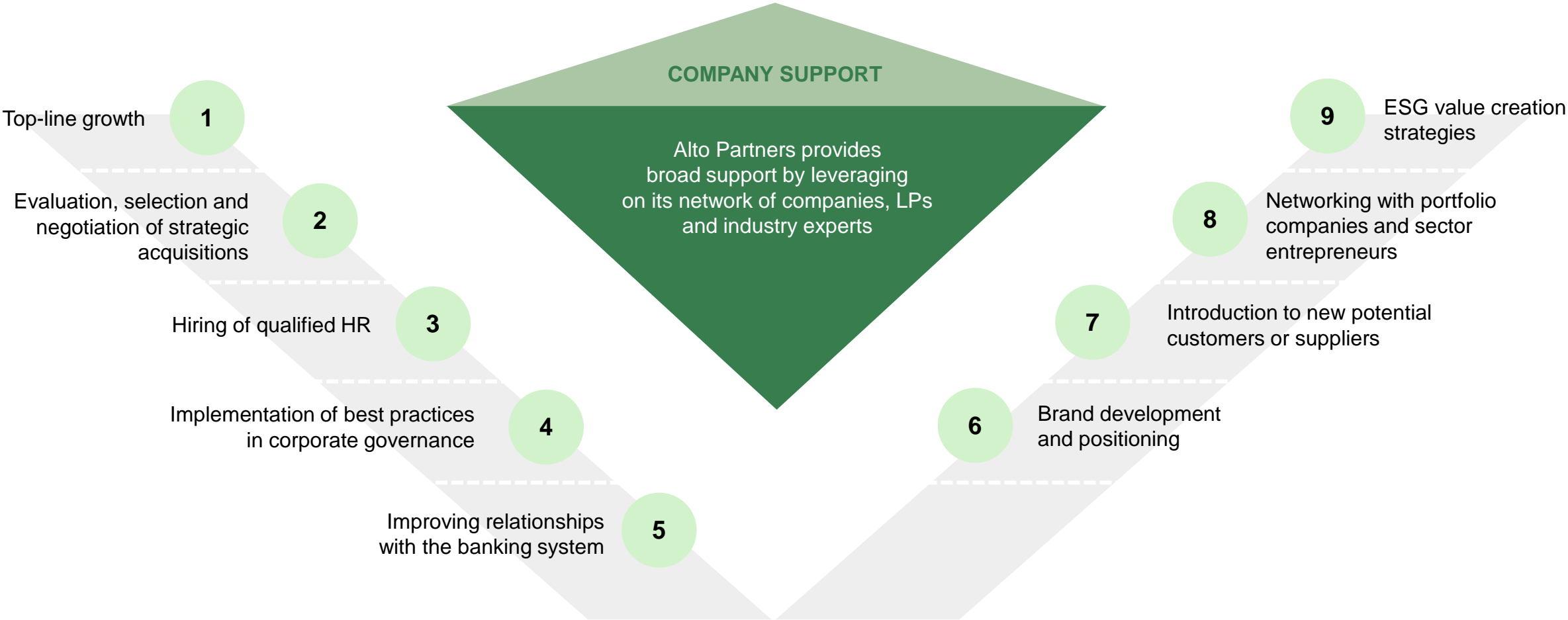


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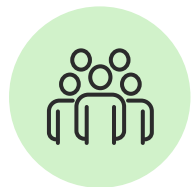
3. Our Portfolio

4. Our 2024



Our ESG Governance Structure

We have defined a multi-level governance approach to oversee and manage ESG topics at all levels. Below are represented the ESG governance roles identified within our Responsible Investment Policy.



BOARD OF DIRECTORS

The Board of Directors approves Alto Partners' ESG policy and strategies. In particular, it determines the relevance of ESG factors in terms of their impact on Alto Partners' business, its investments and its stakeholders, considering the reports produced by the ESG Group. The Board of Alto Partners is committed to assessing the work of the ESG Group and the Management Team with respect to the implementation of the ESG Policy and Roadmap.



ESG GROUP

The ESG Group, composed of representatives of Alto Partners' management team, is committed to develop the ESG Strategy and to support and verify its implementation. The main responsibilities entrusted to the ESG Group are the review of the Responsible Investment Policy, verifying the compliance with Alto Partners' ESG objectives as a signatory to the PRI in all Asset Manager activities, the achievement of the ESG Roadmaps goals, the integration of ESG criteria into investment procedures, the scheduling of specific training sessions, to allow the entire team a complete overview and constant updating on industry regulations and good practices and the inclusion of an ESG section in annual investor meetings, with the aim of updating investors and informing them on ESG performance trends at GP and at fund level.



MANAGEMENT TEAM

Alto Partners' Management Team is committed to integrating ESG criteria into its processes, in order to assess also the extra-financial profile of investments, following a precise path of evaluation of the related sustainability risks and opportunities. The Management Team is responsible to oversee ESG topics integration across all investment phases, with a special focus on the ESG due diligence phase.



ESG REFERENCE PERSON

Person identified within each Portfolio Company, who acts as a point of contact for carrying out all ESG activities.

Our ESG Commitments

We have undertaken a path of integrating ESG criteria into our investment strategy, structuring a responsible investment strategy that is guided by our ESG commitments, as follows:

E NVIRONMENT

- assess the impact of our investee companies' activities, services and products on environmental components with the aim of minimising potential risks and increasing positive effects on the environment through improvement actions;
- contribute to the fight against climate change by supporting the objectives set out in the Paris Agreement, through a commitment to reducing the impact of investees, taking into consideration, when possible, the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

S OCIAL

- guarantee working conditions that promote and protect the health and safety of all employees and collaborators;
- Guarantee respect for workers' rights and creating a climate of personal protection that eliminates any form of discrimination based on gender, religion, ethnicity, political orientation, sexual orientation, and ensuring employees respect for dignity, well-being and diversity;
- promote professional growth, including through employee training;
- take into account the impacts of activities on stakeholders and the local community.

G OVERNANCE

- guarantee honesty, fairness and transparency in all our activities, and prohibit all stakeholders involved from making or receiving payments in exchange for favorable treatment;
- implement best practices in the field of Corporate Governance;
- ensure diversity and balance in the formation of corporate bodies;
- adopt appropriate measures to prevent corruption and money laundering;
- promptly identify any anomalies that could lead to negative impacts and adopt the consequent corrective measures;
- adopt a consistent approach to sustainability and business ethics, enabling both the creation of value and the strengthening of the reputation of the SGR and its portfolio companies;
- define an ESG governance and responsibility structure within the investee companies to support them in monitoring ESG issues.



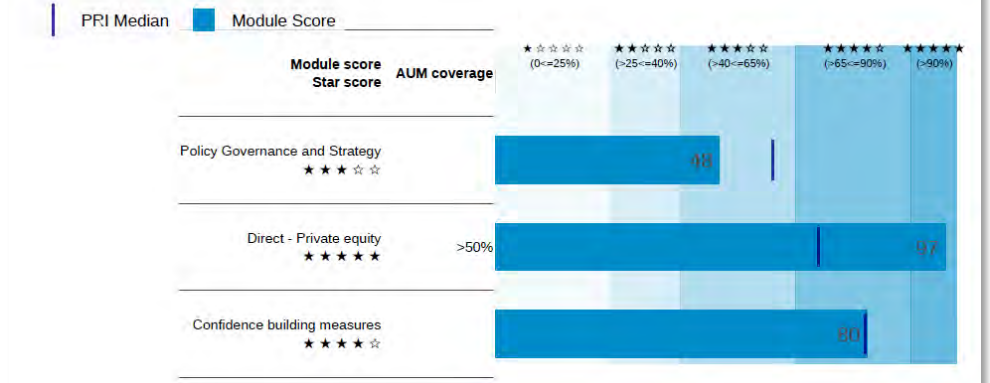
Our commitment to UN Principles for Responsible Investment

We are a signatory of the UN PRI since 2021 and we have included UN PRI principles as a framework to develop our Responsible Investment Policy and procedures.

Alto Partners is a signatory to the Principles for Responsible Investment ("PRI") promoted by the United Nations as a guideline for the integration of ESG aspects into all phases of investment. By adhering to the PRI, Alto Partners is committed to respecting their indications, adopting a responsible approach with reference to the SGR itself, in selecting investments and incorporating ESG criteria into its fund management strategies.

In **2023 the first UN PRI questionnaire was submitted**, and the first scoring was obtained. The outcome was a positive assessment on all the modules submitted, with mention of the module on the integration of responsible investment criteria into the investment process.

Summary Scorecard



The United Nations Principles for Responsible Investment (or PRI) were launched by the United Nations in 2006 with the intention of encouraging the spread of sustainable and responsible investment among institutional investors.

Following first UN PRI questionnaire' submissions, we have identified **improvement actions**, that have been included within our ESG roadmap, and will drive our strategy to improve our approach towards responsible investment.

The Action Plan to manage climate and environmental risks

In 2023, Alto Partners defined an **Action Plan** to respond to the so-called 'Supervisory Expectations on Climate and Environmental Risks (*“Aspettative di Vigilanza su rischi climatici e ambientali”*) published by the Bank of Italy. The objective of the Bank of Italy's Supervisory Expectations on Climate and Environmental Risks was to strengthen asset managers' approach to climate risk management and awareness.

At the beginning of 2024, Alto Partners has conducted an Action Plan' review to assess **status of implementation of the Action Plan**, identifying main gaps and actions to be completed in 2024.

MAIN ACTIONS PLANNED FOR 2024

- Adoption of an assessment approach of the **potential materiality of climate and environmental risks** to which targets are exposed, during the ESG Due Diligence phase (please note that a pilot project has been conducted in Q1 2024);
- Review of the **Responsible Investment Policy, Risk Policy** and **Investment Procedure** (in relation to the update of the investment process)
- Integration of **climate risk concept** into **ESG training**



The Supervisory Expectations on Climate and Environmental Risks (*“Aspettative di Vigilanza su rischi climatici e ambientali”*) require financial operators to integrate climate and environmental risks within:

1

Corporate strategies

2

Governance systems

3

Control and Risk Management

4

Market disclosures



Our Responsible Investment Process along all the phases

We have developed an Investment Process that integrates ESG criteria along all phases. This process is supported by our ESG Governance structure and by our proprietary Tool.

PRE-INVESTMENT

During the pre-investment phase, Alto Partners engages in verifying compliance with the **exclusion list** defined in the Responsible Investment Policy and in **identifying material issues for Due Diligence activities**. The ESG Due Diligence activity is carried out with the support of external consultants, using a materiality approach based on a sector orientation defined by the Sustainability Accounting Standard Board (SASB).

In this phase, potential significant **risks to be mitigated are identified and potential investment opportunities emerge**, which will serve as the basis for drafting the dedicated **ESG Action Plan**. Considering Alto Capital V, which is aligned to art. 8 of the SFDR regulation, a detailed assessment on Target's maturity in promoting the **environmental and social characteristics** and data availability is performed. All relevant results emerging from the Due Diligence are included in the Investment Memorandum and presented by the Management Team, in consultation with the Risk Manager during this phase, to the Board of Directors. In addition, the **SGR includes ESG clauses** in the Investment Memorandum to guarantee the right to receive constant information and flows on the status of implementation of improvement actions and agreed ESG indicators.

OWNERSHIP

Following the deal closing, the companies in Alto Partners' portfolio are followed and **monitored to verify the correct integration of ESG criteria** within their activities. The key KPIs emerging from the Due Diligence are constantly monitored by Alto Partners through the use of a **proprietary ESG Data Collection and Monitoring Tool**, modelled on the peculiarities and materiality of each target company on the basis of industry standards (e.g. SASB). Considering Alto Capital V, the Tool allows the monitoring of the indicators related to the **environmental and social characteristics** promoted by the Fund. Furthermore, Alto Partners undertakes to monitor the ESG performance of the companies throughout the duration of the investment through periodic dedicated meetings that allow a **constant update** on the ESG performance, and the actions implemented by the investee. Moreover, for each portfolio company, Alto Partners defines a specific **ESG Action Plan**, with material objectives to be achieved within a precise timeframe. Finally, a **responsible person** within the investee that will be the point of reference for ESG issues is identified for each portfolio company.

EXIT

Alto Partners is committed to provide an ESG Report outlining the activities carried out for the ESG improvement of the investee and the results achieved.



Alto Partners works with its investees to establish ESG responsibilities, the presence of an appropriate governance structure and the adoption of responsible and sustainable procurement practices.

Please note that, considering the commitments included within the Action Plan drafted in 2023 in response to Bank of Italy Supervisory Expectations on Climate and Environmental Risks, our investment procedure will be subject to review in 2024, to integrate the approach on screening and managing climate-related risks, together with the already considered ESG risks.

Our ESG Roadmap of proposed improvement activities

During 2021 we have drafted our ESG strategy in a four years-oriented Roadmap (2021-2024), that has been revised during 2022 and 2023 aiming at become one of the leading players in Private Equity Italian market for ESG Integration. Below is a summary of our reviewed ESG Roadmap 2023-2025 (including also the actions included within the Action Plan prepared to respond to Bank of Italy “Supervisory expectations on Climate and Environmental risks” and the actions emerged from UN PRI’ questionnaire):

AREA		OBJECTIVES	STATUS
ASSET MANAGER	POLICIES AND PROCEDURES	Update the Responsible Investment Policy including the approach in managing climate-related risk, associate the SDGs with the ESG Objectives already present in the policy, expand the stewardship section and detail the processes adopted, expand the human rights and climate change section, explicit the associations and initiatives of which Alto Partners is a member	Completed
		Review the Investment Procedure and Risk Management Policy to further clarify the approach for identifying and managing climate risks	Partially completed
		Expand the range of associations and initiatives to which AP is a member, focusing on those active in supporting human rights and climate change	In progress
		Evaluate the introduction of a Remuneration Policy to set up a variable remuneration mechanism (to assess board and executive-level staff performance) also linked to the achievement of ESG objectives defined within the Responsible Investment Policy	In progress
		Ensure our commitments to investors by including ESG approach in fundraising documents	Completed
	GOVERNANCE	Define a proper ESG Governance	Completed
		Appoint responsibilities for climate risk management	Partially completed
	STRATEGY	Carry out a review of the ESG targets communicated in the Policy, defining targets and KPIs related to ESG and climate objectives (best practice)	In progress
		Conduct an annual training session for investment teams, ESG governance figures and the Board of Directors	Partially completed
		Integrate training activities with specific insights in the area of climate change and environmental and climate risk analysis (physical and transitional)	Partially completed
		Carry out a calculation of GHG emissions for the SGR and investee companies , share them in the Annual ESG Report	Partially completed
		Proactively participate to Responsible Investment and ESG initiatives and engage with sector players	In progress
	REPORTING	Publish on Alto Partner’s website the ESG Annual Report	Completed
		Become a UN PRI Signatory and submit periodic UN PRI Reporting	Completed
		Consider developing reporting aligned with the TCFD Framework (best practice)	In progress
		Extend reporting to stakeholders, including reporting against ESG objectives defined in the policy and against stewardship activities	In progress
		Include climate-related indicators within the ESG monitoring process and within disclosures and investor reporting	In progress
		Improve our transparency with LPs through a proactive communication including ESG Topics within the investor agenda and defining an ESG incident reporting procedure	Completed

■ Completed
 ■ Partially completed
 ■ In progress

Our ESG Roadmap of proposed improvement activities

During 2021 we have drafted our ESG strategy in a four years-oriented Roadmap (2021-2024), that has been revised during 2022 and 2023 aiming at become one of the leading players in Private Equity Italian market for ESG Integration. Below is a summary of our reviewed ESG Roadmap 2023-2025 (including also the actions included within the Action Plan prepared to respond to Bank of Italy “*Supervisory expectations on Climate and Environmental risks*” and the actions emerged from UN PRI’ questionnaire) :

AREA		OBJECTIVES	STATUS
FUND LEVEL	PRE-INVESTMENT	Assess ESG Risks and opportunities at Pre investment, performing a ESG Due Diligence on all new potential investment	Completed
		Include ESG considerations emerging from Due Diligence within the Investment Memorandum	Completed
		Review the ESG Due Diligence Approach for assessing the potential materiality of climate and environmental risks on all new potential investment	Partially completed
		Define Portfolio Companies ESG minimum requirements	Completed
		Assess Target’s maturity in promoting environmental and social characteristics during ESG due diligence phase (considering Alto Capital V), on all new potential investment	Completed
	OWNERSHIP	Establish an ESG Governance at Portfolio Company- level , defining a proper ESG Reporting Governance	Completed
		Monitor ESG performances of portfolio companies through the ESG Data Collection and Monitoring Tool	Completed
		Monitor portfolio companies’ maturity in promotion of the environmental and social characteristics (considering Alto Capital V) and disclose performances within periodic annual SFDR disclosure pursuant art.11 of the Regulation, including PAI calculation	Completed
		Enhance portfolio companies’ performances in ESG developing specific ESG Action Plans , that include ESG considerations emerged from Due Diligence, and organizing performance follow ups with respect to data collected through the Tool	Completed
		Inclusion of specific actions within the ESG Action Plan of the investee company, considering the climate-environmental risks that have emerged and to which the target company is potentially exposed, where applicable (on all new potential investment)	Partially completed
		Verify that PCs have defined a specific CAPEX for ESG Activities and implementation of actions included in ESG Action Plans	Partially completed
		Provide training on ESG aspects and management best practices relevant to the PC’s managers/ESG responsible persons	In progress
		Share best practices across portfolio by organizing educational sessions and ESG workshops	In progress
		Assess the applicability of the CSRD regulation for portfolio companies and support them on the path to compliance, if applicable	Partially completed
EXIT	Include ESG info in exit documents , demonstrating ESG improved performances	Partially completed	

■ Completed
 ■ Partially completed
 ■ In progress

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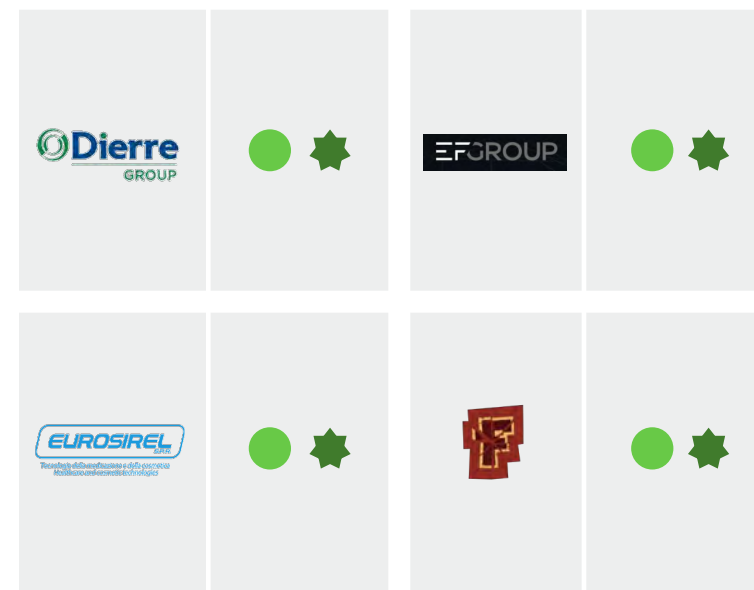
Funds and investees

Alto Partners operates through **two Funds**, Alto Capital IV and Alto Capital V. The latter is classified under Article 8 of EU Regulation 2019/2088 (SFDR), and started its investment activity in 2023, completing its first investment in 2023.

In the first months of 2024, the Fund continued its investment activity with an increasing intensity, successfully completing **four new deals** and adding to its portfolio Italian companies that are leaders in their sector and have a proven track record of business activity.



NEW INVESTMENTS PERFORMED IN 2024



✓ Investment realized

★ Involved in ESG program

○ Investment in portfolio (Minority)

● Investment in portfolio (Majority)

▲ Re-investment in the context of exit

Alto Capital IV

210M€ Size

Art. 6

Positioning considering EU Regulation 2019/2088
– Sustainable Finance Disclosure Regulation

COMPANY OVERVIEW

Alto Capital IV, is aligned to article 6 of the **EU Regulation 2019/2088** - Sustainable Finance Disclosure Regulation, therefore it has **defined its approach to screen and manage sustainability-related risks**, which is well detailed within GP Responsible Investment Policy. The Fund has adopted an engagement approach to ensure ESG criteria integration within all portfolio companies.

Key Highlights

100
%

of the PCs have an ESG Action Plan and are involved in annual meetings to review Action Plan status and updates

100
%

of the PCs perform a periodic monitoring of ESG KPIs through the proprietary ESG Data Collection and Monitoring Tool

50
%

of the PCs have performed a GHG emissions assessment (considering Scope 1 and Scope 2 emissions)



Alto Capital IV- Millefili

COMPANY OVERVIEW

Millefili, founded in 1981 in Carpi (Modena, Emilia Romagna) by Francesco Galli, develops, produces and markets yarns, often specifically and exclusively designed. It serves the Italian market, as well as Europe and the US. Millefili was initially founded as a distributor of yarns for the knitwear industry, before subsequently evolving into a manufacturing company. It stands out from the competition due to its creativity, ability to capture fashion trends, and its high level of services. These factors have allowed Millefili to grow and establish itself as a leader in the core business. The company serves leading international brands in the fashion and luxury industries.

COMPANY HIGHLIGHTS FOR 2023

- ISO 14001 certification obtained
- Natural gas consumption reduced by 44%
- 100% of waste sent to recycling
- Development of a Health & Safety Policy
- New whistleblowing system compliant to Lgs. Decree 24/2023
- Supplier Questionnaire linked to ESG factors implemented

MILLEFILI



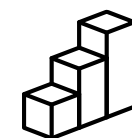
Since the Company was already in the portfolio of Alto Capital IV when we started our ESG Path, it was not subject to a preliminary ESG Due Diligence. Instead, the ERM Team conducted an ESG Assessment, which paved the way for the ESG Action Plan.

ESG ASSESSMENT OF THE PORTFOLIO COMPANY

Monitoring process using the ESG Data Collection and Monitoring Tool	✓
ESG Action Plan developed	✓



2018
YEAR OF
INVESTMENT



67.6 M€
2023
REVENUES



108
EMPLOYEES

Alto Capital IV- Olimpia Splendid

COMPANY OVERVIEW

Olimpia Splendid's core business is the production and distribution of HVAC (Heating, Ventilation and Air Conditioning) solutions, with a broad product range from cooling to domestic heating. Its manufacturing activities are entirely based in Italy.

Olimpia Splendid's main strengths are design and technical innovation, factors which have allowed the company to become a respected player in its reference market, and to achieve sustained growth over recent years. Its revenues extend over several countries in Europe, as well as the US, Asia and Oceania.

COMPANY HIGHLIGHTS FOR 2023

- ISO 14001 certification obtained
- GHG Emissions (Scope 1 and 2) reduced by 12% (-39% since 2020)
- Reduction targets defined for Scope 1 and 2 GHG emissions, with the Zero Emissions objective of 2040
- 100% of sourced electricity from renewable sources, 17% of it is self-generated through the photovoltaic system.
- Natural gas consumption decreased by 6%, planned transition to electric heating (heat pumps) for 2024-2025.
- Annual Sustainability Report published, according to GRI Standards



Since the Company was already in the portfolio of Alto Capital IV when we started our ESG Path, it was not subject to a preliminary ESG Due Diligence. Instead, the ERM Team conducted an ESG Assessment, which paved the way for the ESG Action Plan.

ESG ASSESSMENT OF THE PORTFOLIO COMPANY

Monitoring process using the ESG Data Collection and Monitoring Tool	✓
ESG Action Plan developed	✓



2019
YEAR OF
INVESTMENT



114 M€
2023
REVENUES



117
EMPLOYEES

Alto Capital IV- MIPHARM



COMPANY OVERVIEW

Mipharm, founded in 1998 and headquartered in Milan (Lombardy), is a pharmaceutical Contract Development Manufacturer, active in the development and manufacturing for third parties of a broad spectrum of products, both branded and white label. Mipharm operates through an integrated and state-of-the-art manufacturing site and offers its clients R&D services through a dedicated business unit.

In March 2022, Alto Partners completed the acquisition of 100% Mipharm's shares, through a Management Buy-Out transaction.

COMPANY HIGHLIGHTS FOR 2023

- Start-up of the energy efficiency initiative (tri-generation plant)
- Obtained EcoVadis "Bronze" medal and "C" score in CDP Climate and Water
- 84% of capital invested in innovation and development
- Formalized an ESG Committee chaired by the BoD President
- Developed a Supplier Code of Conduct and an ESG Policy, which includes Human Rights and Safety issues

ESG ASSESSMENT OF THE PORTFOLIO COMPANY

ESG Due Diligence	✓
Monitoring process using the ESG Data Collection and Monitoring Tool	✓
ESG Action Plan developed	✓



Alto Capital V

273 M€ Size

Art. 8

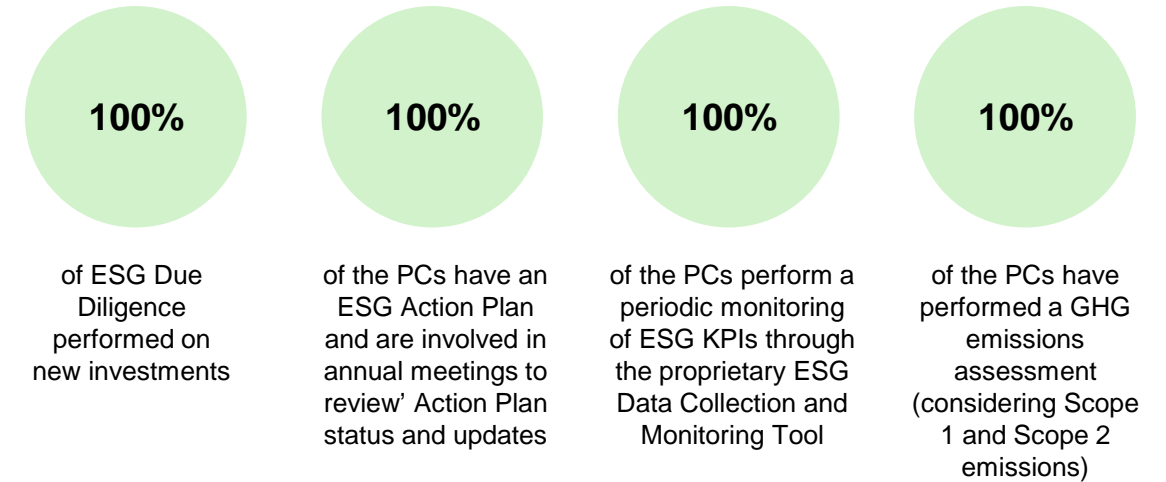
Positioning considering EU Regulation 2019/2088
- Sustainable Finance Disclosure Regulation

COMPANYOVERVIEW

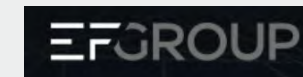
Alto Capital V, is aligned to article 8 of the **EU Regulation 2019/2088** - Sustainable Finance Disclosure Regulation, therefore it has **defined its approach to screen and manage sustainability-related risks**, which is well detailed within Asset Manager' Responsible Investment Policy, and **identified the environmental and social characteristics** that it will promote during its investment activity, which are presented in the next page. The Fund has adopted an engagement approach to ensure ESG criteria integration within all portfolio companies. In Q1 the Fund has disclosed the first **periodic annual SFDR disclosure pursuant art.11 of the Regulation**, including **PAI indicators calculation** and detailing the performance in **environmental and social characteristics' promotion** across portfolio.

Key Highlights

**Please note that displayed data is referred only to Portfolio Companies at 31.12.2023*



NEW INVESTMENTS PERFORMED IN 2024



Alto Capital V

ENVIRONMENTAL AND SOCIAL CHARACTERISTICS PROMOTED BY THE FUND

Alto Capital V, in line with the requirements of Article 8 of European Regulation 2019/2088, has identified the environmental and social characteristics it intends to promote through its investment activity. In this context, appropriate quantitative indicators have been defined in order to measure the performance of the companies invested in and their contribution to the promotion of the characteristics. In particular, the following were identified as characteristics to be promoted:

TOPIC	CHARACTERISTIC	INDICATORS
CLIMATE CHANGE	Promote the monitoring of Scope 1,2 and relevant Scope 1 and 2 carbon emissions and promote the reduction of relevant Scope 1 and 2 emissions	<ul style="list-style-type: none"> ▪ % of PCs monitoring carbon emissions related to Scope 1 and 2 ▪ % of PCs monitoring Scope 3 carbon emissions ▪ % of PCs with a plan to reduce Scope 1 and 2 emissions ▪ Portfolio carbon intensity (weighted average)
ENERGY MANAGEMENT	Promoting the transition to renewable energy sources (self-generated or purchased)	<ul style="list-style-type: none"> ▪ % of renewable energy sourced or self-generated
EMPLOYEE ENGAGEMENT	Promote voluntary training (not related to health and safety issues and additional compulsory training). Offer welfare initiatives	<ul style="list-style-type: none"> ▪ # Hours of voluntary training per employee ▪ Budget used for welfare initiatives per employee (excluding meal vouchers, health care and other benefits under the CCNL)
DIVERSITY AND INCLUSION	Promoting diversity and inclusion and supporting the reduction of the Unadjusted Gender Pay Gap	<ul style="list-style-type: none"> ▪ <i>Unadjusted gender pay gap</i> of PCs ▪ Ratio of women on average on the boards of invested companies
HEALTH AND SAFETY	Reduce rate of accidents	<ul style="list-style-type: none"> ▪ Rate of accidents [No. of accidents / No. of employees * 1,000]

As a participant in the financial markets, and considering its alignment to article 8 of the EU Regulation 2019/2088, the Fund provides disclosure in accordance to the Regulatory Technical Standards (RTS) published by the European Supervisory Authorities, latest version 2022.

Please refer to the dedicated section on our website for more details on Fund's alignment to EU Regulation 2019/2088 SFDR.

Alto Capital V

ENVIRONMENTAL AND SOCIAL CHARACTERISTICS PROMOTED BY THE FUND

Furthermore, Alto Capital V has identified three governance characteristics that it intends to promote during its investment activity to spread good sustainable governance practices throughout its portfolio. These characteristics are listed below:

Topic	Characteristic	Indicators
SUPPLY CHAIN MANAGEMENT	Promote the adoption by all PCs of ESG risks and opportunities screening systems related to their supply chain	<ul style="list-style-type: none"> ▪ % of PCs that have adopted an approach to screening suppliers' ESG risks/opportunities (questionnaire, checklists, audits)
SUSTAINABILITY MANAGEMENT	Promote ESG Governance setup	<ul style="list-style-type: none"> ▪ % of PCs with a sustainability governance / task force (at least having a contact person for ESG issues in the governance structure) ▪ % of PCs with an ESG Action Plan
BUSINESS ETHICS	Promote the adoption of MOG 231 on all PCs	<ul style="list-style-type: none"> ▪ % of PCs that have adopted a Code of Ethics and implemented the Organizational Model 231 (MOG 231 DLgs 231/2001)

ALTO CAPITAL V RESPONSIBLE INVESTMENT APPROACH

For Alto Capital V, during the ESG Due Diligence phase, a specific assessment is conducted in order to verify Target's potential maturity in promoting environmental and social characteristics promoted by the Fund. For this assessment, Alto Capital V has developed a proprietary Tool that summarize through a heatmap the emerged output.

Of course, during ownership phase, Portfolio Companies performance in environmental and social characteristics promotion is monitored and reported to investors.

Alto Capital V- LARIOPLAST



COMPANY OVERVIEW

Lario Plast, founded in 2009 and headquartered in Alzate Brianza (Como, Lombardy) is a company active in the design and moulding of multilayer plastic containers (HDPE and PET) for the personal care, detergency and food sectors. Product manufacturing is carried out in a state-of-the-art facility of 25,000 sqm.

Lario Plast manages the development and production phases of packaging solutions based on specific clients' needs, thus offering a customized and high-quality service. Lario Plast can rely on a solid and loyal customer base operating in resilient end markets.



COMPANY HIGHLIGHTS FOR 2023

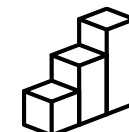
- Definition of an ESG Action Plan (100-days plan)
- Nominee of the ESG Responsible person
- Calculation of GHG Emissions, considering Scope 1 and 2 emissions

ESG ASSESSMENT OF THE PORTFOLIO COMPANY

ESG Due Diligence	✓
Monitoring process using the ESG Data Collection and Monitoring Tool	✓
ESG Action Plan developed (100-days plan)	✓



2023
YEAR OF
INVESTMENT



16.6 M€
2023
REVENUES



29
EMPLOYEES

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Alto Capital V- Dierre Group

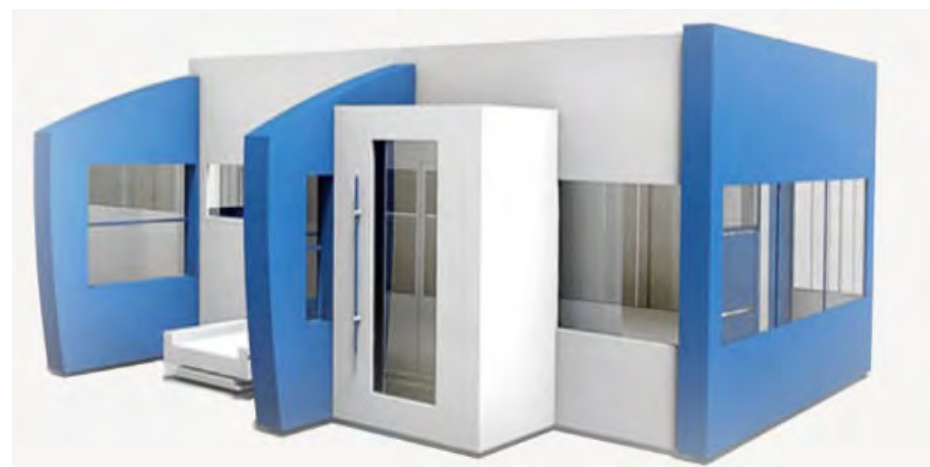
COMPANY OVERVIEW

Dierre Group, headquartered in Spezzano di Fiorano (Modena, Emilia Romagna) was founded in 1997 by Giuseppe Rubbiani.

Dierre designs, manufactures and markets technologically advanced protections and components with high aesthetic impact for industrial automation in the most diverse sectors (food, ceramics, automotive, pharma, nautical, electronic).

COMPANY SUSTAINABILITY HIGHLIGHTS

- Sustainability Report aligned to GRI Standards periodically published
- ISO 9001 on selected sites. Plan to extend ISO 9001 to all group's sites and to achieve ISO 14001 / 45001
- Calculation of GHG Emissions, considering Scope 1 and 2 emissions
- Energy/emissions reduction initiatives

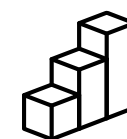


ESG ASSESSMENT OF THE PORTFOLIO COMPANY

ESG Due Diligence	✓
Monitoring process using the ESG Data Collection and Monitoring Tool	2024
ESG Action Plan developed	2024



2024
YEAR OF
INVESTMENT



59.5 M€
2023
REVENUES



323
EMPLOYEES

Alto Capital V- EF Group



COMPANY OVERVIEW

Eurofiere (EF Group), with over 60 years of experience, stands out as a general contractor capable of creating innovative environments that combine new technologies with a design reflecting the brand's values. Its service is expressed in the implementation of complex projects in the field of exhibits and events with high engineering and technological content, serving a diversified and top-tier clientele at both national and international levels.



COMPANY SUSTAINABILITY HIGHLIGHTS

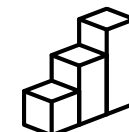
- Sustainability Report aligned to GRI Standards periodically published
- ISO 9001 on selected sites. Plan to extend ISO 9001 to all group's sites and to achieve ISO 14001 / 45001
- Calculation of GHG Emissions, considering Scope 1 and 2 emissions
- Energy/emissions reduction initiatives

ESG ASSESSMENT OF THE PORTFOLIO COMPANY

ESG Due Diligence	✓
Monitoring process using the ESG Data Collection and Monitoring Tool	2024
ESG Action Plan developed	✓



2024
YEAR OF
INVESTMENT



61.9 M€
2023
REVENUES



93
EMPLOYEES

Alto Capital V- Fragesa



COMPANY OVERVIEW

Founded in 2018 by Mauro d'Errico and Gianluca Lotta and based in Turin, Fragesa is the management company of the pizza chain "Fradiavolo".

In few years Fradiavolo climbed through the ranks of the full-service pizzerias on the back of a fast DOS roll-out, a highly recognizable format and paramount quality of products offered. The business model differentiates for proprietary recipes and highly engineered processes enabling high format scalability

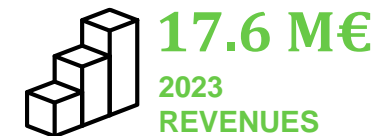


COMPANY SUSTAINABILITY HIGHLIGHTS

- Sustainability Report aligned to GRI Standards periodically published by Gioia Group (Fragesa part of Gioia Group)
- Structured HR management
- Attention on energy efficiency and circular economy for the fittings and operations of the restaurants (i.e. recycled furniture, electric ovens, plastic-free approach)

ESG ASSESSMENT OF THE PORTFOLIO COMPANY

ESG Due Diligence	✓
Monitoring process using the ESG Data Collection and Monitoring Tool	2024
ESG Action Plan developed	2024



Alto Capital V- Eurosirel

COMPANY OVERVIEW

Founded in 1975 and headquartered in Cusago (Milan), Eurosirel is the undisputed market leader in Italy in the production and distribution of wound care (e.g. plasters, gauzes, bandages) and cosmetic devices (e.g. patches, masks, waxing strips) with a strong foothold in several European countries (Germany, France, Spain).

Eurosirel's unique selling proposition is based on good value for money, wide offering, strong service level, and solid product development and innovation capabilities.

COMPANY SUSTAINABILITY HIGHLIGHTS

- ISO 9001, ISO 13485, SA8000 and ISO 22716 Certified
- Quality & safety certifications at product level (GOTS – IFS – BRC - RSPO)
- Initiatives on Energy efficiency
- Structured supplier qualification and audit process (EHS focused)

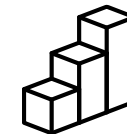


ESG ASSESSMENT OF THE PORTFOLIO COMPANY

ESG Due Diligence	✓
Monitoring process using the ESG Data Collection and Monitoring Tool	2024
ESG Action Plan developed	2024



2024
YEAR OF
INVESTMENT



61.1 M€
2023
REVENUES



139
EMPLOYEES

Looking ahead to 2024

ENHANCE INVESTMENT ACTIVITY THROUGH ALTO CAPITAL V

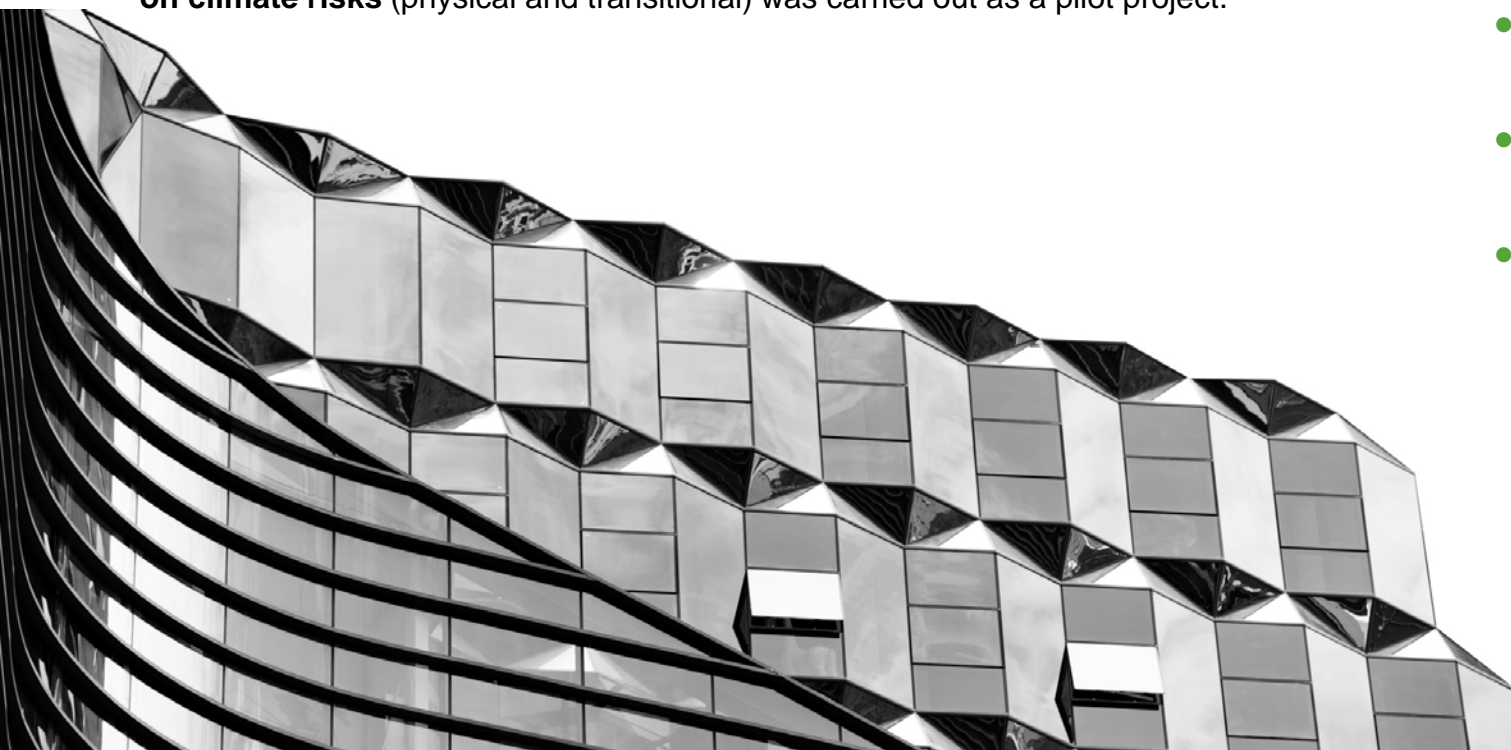
During **first six months of 2024**, Alto Capital V investment activity has been Fund's investment activity has been intense and transactions have been completed for **four new investments**, which have joined the portfolio in recent months and have already been involved in ESG integration activities.

A detailed **ESG Due Diligence** was carried out for **100% of the investments**, with a focus on assessing companies' ability to promote **environmental and social characteristics** promoted by the Fund. For the Eurosirel investment, a **screening on climate risks** (physical and transitional) was carried out as a pilot project.

FOSTER ESG ROADMAP' IMPLEMENTATION

In 2024, Alto Partners' main focus will be in the implementation of the **ESG Roadmap**, which also includes the action defined in the context of the Action Plan to respond to the so-called 'Supervisory Expectations on Climate and Environmental Risks (*Aspettative di Vigilanza su rischi climatici e ambientali*)' published by the Bank of Italy. **High priority actions** to be implemented in 2024 are the following:

- Formalize within the **Responsible Investment Policy, Risk Policy and Investment Procedure** the adopted approach to manage climate risks
- Deliver **ESG training sessions** including specific insights on climate change and environmental and climate risk analysis
- Assess the applicability of the **CSRD regulation** for portfolio companies and support them on the path to compliance, if applicable



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ESG

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40124 Bologna – Italy

OUR ESG PARTNER



We chose **ERM** to support us in the development of our ESG framework and tools to enhance our Responsible Investment approach. In particular, ERM is our reference consultant in ESG Due Diligence and Engagement processes with Portfolio Companies.

ERM is the largest global ESG and sustainability consultancy firm with a strong reputation based on its thought leadership with leading organizations and its expertise on sustainability topics.

As a participant in the financial markets, we provide disclosure in accordance with Regulation (EU) 2019/2088 on Sustainability Disclosures in the Financial Services Sector and according to the Final Report on Regulatory Technical Standards (RTS) published by the European Supervisory Authorities, latest version 2022. Please refer to the dedicated section on our website for more details on our alignment to EU Regulation 2019/2088 SFDR.